



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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February 16, 1999

TO: File

THRU: Daron R. Haddock, Permit Supervisor *DRH*

FROM: Wayne Western, Reclamation Specialist *WWestern*

RE: Permit Application Package, West Ridge Resources, Inc., West Ridge Mine, PRO/007/041-98-1, File #2, Carbon County, Utah

## BONDING AND INSURANCE REQUIREMENTS

### Analysis:

#### Form of bond. (Reclamation Agreement)

The Division can approve the permit before the reclamation bond has been posted or the reclamation agreement signed. However, prior to the Division issuing the permit, the Applicant must post a bond that meets the requirements of R645-301-800.

#### Determination of bond amount.

In February 1999, the Division estimated the cost for the Division to reclaim the West Ridge Mine to be \$2,117,000 in 2004 dollars. The Division used the general reclamation plan in the PAP (Section R645-301-540 to R645-301-560) Appendix 5-1 Reclamation Bond Calculations and Appendix 5-5 West Ridge Mine Construction and Reclamation Plan, Means Heavy Construction Cost Data 13th Edit, Blue Book Rental Rates, and the Caterpillar Performance Handbook 29th Edition to calculate the reclamation cost estimate. The Division escalated the reclamation cost to the year 2004.

The Division can approve the PAP without a reclamation bond being posted. However, prior to the permit being issued the Applicant must post the reclamation bond.

#### Terms and conditions for liability insurance.

The Division can approve the permit before the insurance policy has been issued. However, prior to the Division issuing the permit the Applicant must show that their insurance policy meets the requirements of R645-301-800.

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**Findings:**

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the permittee must provide the following in accordance with:

**R645-301-800,** The Applicant must give the Division a signed reclamation agreement, post a reclamation bond no less than \$2,117,000 and show proof of insurance.

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West Ridge Mine ACT/007/041

Total Bond Amount

Calculated February 1999

Total Reclamation Costs West Ridge

Demolition Costs	\$516,977
Earthwork Costs	\$675,766
Vegetation	\$149,080
Direct Costs	\$1,341,823
Indirect Costs	
Maintenance and Monitoring (10%)	\$134,182
Contingency (10%)	\$134,182
Engineering Redesign (10%)	\$134,182
Startup Includes Mob/Demob (5%)	\$67,091
Contract Management (5%)	\$67,091
Total Indirect Costs	\$536,728
Reclamation Costs	\$1,878,551
Inflation @ 2.24% for 1 years	\$238,576
Bond Amount in 2004 dollars	\$2,117,127
Bond Rounded to nearest \$1,000	\$2,117,000